FEDERAL DEPOSIT INSURANCE CORPORATION

AND
UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MEMORANDUM OF UNDERSTANDING

I.   Purpose and Basis for Memorandum of Understanding

This Memorandum of Understanding (MOU) establishes a partnership between the Federal Deposit Insurance Corporation (FDIC) Community Affairs Program and the United States Department of Housing and Urban Development. The partnership promotes and establishes a financial education program for residents of public housing and participants in the Housing Choice Voucher program. The purpose of the partnership is to assist lower income persons and families in public housing:

- Enhance their money management skills
- Create positive banking relationships, and
- Achieve economic self-sufficiency

The FDIC and HUD partnership links low-income individuals and families to financial-education, and self-sufficiency programs through the following vehicles:

- The FDIC Money Smart financial education curriculum
- Resident Opportunities and Self-Sufficiency (ROSS), Family Self-Sufficiency (FSS), Welfare-to-Work (WtW) vouchers, and
- Local welfare to work and self-sufficiency programs serving public housing residents and participants in Housing Choice Voucher program

II.   Federal Deposit Insurance Corporation

The FDIC is an independent federal agency created by Congress in 1933 to insure bank deposits and maintain stability and public confidence in the nation's banking system.

A five-member Board of Directors appointed by the President and confirmed by the Senate manages the FDIC. The FDIC receives no congressional appropriations to carry out its mission as deposit insurer and banking regu1ator. The money for these purposes comes from the deposit insurance premiums paid by banks and savings associations and from earnings on investments in the U.S. Treasury securities.

III.   Description of the FDIC Money Smart Training Program

Recognizing the importance of financial education, particularly for persons with little or no banking experience, the FDIC created **Money Smart,** a training program to help adults outside the financial mainstream enhance their money skills and create positive banking relationships. Financial education fosters financial stability for individuals and for entire communities. The more people know about credit and banking services, the more likely they are to increase savings, buy homes, and improve their financial well being. The **Money Smart** curriculum helps people build financial knowledge, develop financial confidence, and understand banking services. The FDIC's **Money Smart** program is a set of 10 instructor- led training modules covering the following basic financial topics:

1. Bank On It – an introduction to bank services
2. Borrowing Basics – an introduction to credit
3. Check It Out – how to choose and keep a checking account
4. Money Matters – how to keep track of your money
5. Pay Yourself First – why you should save
6. Keep It Safe - your rights as a consumer
7. To Your Credit – how your credit history will affect your credit future
8. Charge It Right –how you make a credit card work for you
9. Loan to Own – know what you're borrowing before you buy
10. Your Own Home – what homeownership is all about

Each training module includes a comprehensive guide for instructors and a take-home booklet containing highlights and resource material for class participants. The instructor guides have everything necessary to teach the program— easy to follow cues and script, overheads, and interactive class exercises. Each **Money Smart** module can be taught in 60-90 minute sessions.

FDIC provides the **Money Smart** curriculum to interested parties free of charge. The booklets for participants are provided in a camera-ready format so that each sponsoring organization can reproduce them as needed. The materials are easily reproduced and have no copyright restrictions.

IV.   The Department of Housing and Urban Development

HUD was established as a Cabinet Department by the Department of Housing and Urban Development Act (42U.S.C. 3532-3537), effective November 9, 1965. It consolidated a number of older federal agencies.

HUD is the Federal agency responsible for national policy and programs that address America's housing needs. HUD encourages families that are receiving rental assistance through its Housing Choice Voucher and public housing programs to pursue economic self- sufficiency through a number of HUD programs as well as through local self- sufficiency programs available in the community.

V. Description of the Self-Sufficiency Programs

Families assisted through HUD's Housing Choice Voucher program and public housing residents may participate in a variety of programs promoting economic self-sufficiency including HUD programs such as ROSS, FSS, and the WtW voucher program as well as other welfare reform and self-sufficiency programs.

The Resident Opportunities and Self Sufficiency (ROSS) Program provides grants to public and Indian housing residents for supportive services, and activities to assist residents in becoming economically self-sufficient. Eligible ROSS activities include activities such as employment training and counseling, job training and placement, Individual Development Accounts, homeownership counseling, education and training, entrepreneurship training, establishing credit unions, creating micro loan funds, and transportation and child care costs.

Family Self Sufficiency (FSS) Program promotes the development of local strategies for helping families obtain employment that will enable them to achieve economic independence and self-sufficiency. FSS provides families with opportunities for education, job training, counseling, and other assistance. Under the FSS Program, the PHA and the participating family execute a 5-year contract, which requires that the head of the family "seek and maintain" suitable employment, and that all family members become independent of cash assistance from welfare programs at the end of the contract term. In addition, the PHA establishes an interest-bearing FSS escrow account for each participating family to be used for homeownership, education, etc.

The Housing Choice Voucher Welfare to Work (WtW) Tenant-Based Assistance Program provides tenant-based assistance to help eligible families make the transition from welfare to work. Each local WtW program must be coordinated with other welfare reform and welfare-to-work initiatives in the community.

VI. Duties and Responsibilities

The HUD agrees to the following duties and responsibilities:

- HUD will notify public housing agencies (PHAs) of the FDIC and HUD MOU through normal business communication channels and will encourage PHAs to provide financial education to self-sufficiency program participants using the **Money Smart** curriculum.

- HUD will promote its partnership with the FDIC using its web site by creating a hot link on its web site to the FDIC **Money Smart** web page.

- HUD will assist the FD1C's **Money Smart** outreach efforts with PHAs through local HUD offices as appropriate.

The FDIC agrees to the following duties and responsibilities.

- The FDIC will provide, at no-cost to HUD, copies of the **Money Smart** curriculum, in English and Spanish to all PHAs.

- The FDIC will provide other language versions of **Money Smart** to PHAs as they become available and as needed by the PHAs.

- The FDIC will provide the Computer Based Instruction CD ROM version of **Money Smart** to PHAs that have computer learning centers.

- The FPIC will notify HUD of **Money Smart** events, training opportunities, and developments, etc., which would benefit the partnership.

- The FDIC will promote the FDIC/HUD MOU through outreach events, conferences and the FDIC web site.

- The FDIC will solicit HUD's input for future editions of **Money Smart**.

VII.   Liability

- Each party to this MOU shall be liable for the acts and omission of its own employees.
- HUD shall not be liable for any injury to another party's personnel or damage to another party's property unless such injury or damage is compensable under the Federal Tort Claims Act [28 U.S.C. 1346(b)], or pursuant to other Federal statutory authority. Similarly, FDIC shall not be liable for any injury to another party's personnel or damage to another party's property unless such injury or damage is compensable under applicable federal statutes.
- This MOU does not confer rights on any third party.

VIII.   Evaluation Efforts

FD1C and HUD agree to measure the effectiveness and impact of this partnership through the following:

- Annually review the number of PHAs providing financial education using the **Money Smart** curriculum for self-sufficiency program participants.

- HUD in consultation with FDIC shall develop performance measures for this partnership.

IX.   Amendment

The MOU will be reviewed annually, and may be amended as agreed to in writing by both parties.

X. Effective Date and Termination

The MOU shall become effective upon the signature of the authorized officials of the respective parties. It shall remain in effect until terminated by mutual agreement or 60 days advance written notice by either party.

XI. Limitation

This document is a Memorandum of Understanding only. It is entered into only as a declaration of present intent. Nothing herein shall be construed as a legally binding commitment of any part or parties hereto either individually or collectively. This MOU does not create any rights either on the part of any party hereto or any third party. Any provision of this MOU that conflicts with federal law will be null and void.
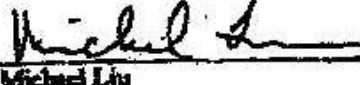
XII. Points of Contact (POC)

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XIII. Signatures:

Donna Gambrell   6/26/02
Deputy Director   Date
Division of Compliance and Consumer Affairs
Federal Deposit Insurance Corporation

Michael Liu   6/26/02
Assistant Secretary for Public and Indian Housing
Department of Housing and Urban Development